MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

BAB1014 – FINANCIAL ACCOUNTING FOR MANAGERS

(All sections / Groups)

16 OCTOBER 2017
2.30p.m – 4.30p.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 6 pages with 4 Questions only.
2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

a) Define and interpret the accounting equation and each of its components. State the example of account classified under each of the component.

(14 marks)

b) How do accounts payable differ from accounts receivable?

(6 marks)

Part B

Listed are statements relate to financial accounting and reporting. Match the following accounting concept to the statements.

Periodic	Historical cost
Matching	Money measurement
Going concern	Business entity
Consistency	Duality

1. A property valued by the market at RM200,000 but maintained under the company's non-current asset account at RM120,000 as the original purchase price.
2. Mr Boy, the accountant of Company Popeye changed the straight line method of depreciation to the reducing balance method. Which accounting concept does this contravene?
3. A business's financial performance is recorded and reported separately from the owner's personal financial statement.
4. The Ringgit Malaysia (RM) is used to measure Channel Trading's business transactions in its accounting records.
5. GoShop Bhd distributes its financial report to the shareholders every year.

(5 marks)

Total: 25 marks

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QUESTION 2

Part A

A new textbook is published in early of year 2016. Your campus bookstore buys 400 copies at RM70 each in June, an additional 1,000 copies in August at RM72 each, and 600 copies in December at RM75 each. At the end of December 2016, the bookstore has sold 1,900 copies of the text.

Required:
Calculate the cost of goods sold and the cost of ending inventory using weighted average cost and FIFO periodic inventory method.

(12 marks)

Part B

Jinggo Company prepares financial statements annually. During the year of 2016, the following transactions occurred. Financial year ended is as December 2016 and beginning balance in allowance for doubtful debt accounts of RM2,000 (credit) .

Jan 1	Sold goods to Ross Enterprise for RM4,000 on account, terms n/30.
2	Sold goods to Mary for RM500 on account.
3	Sold goods on account to Zack Company for RM14,000.
Feb 2	Accepted a RM4,000, 4-month, 9% promissory note from Ross Enterprise for balance due.
3	Received RM300 from Mary.
28	Wrote off Mary's account balance as uncollectible.
June 2	Collected Ross Enterprise note in full.
3	Zack Company returned goods worth RM1,000
30	Received payment in full after discount of RM500 from Zack Company.
Dec 31	Unexpectedly received payment in full from Mary.

Required: Prepare journal entries to record the above transactions.

(13 marks)

Total: 25 marks

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QUESTION 3

Medina, a sole proprietor commenced her business, Medi Handicraft Shoppe on 1st January 2016. The following is the trial balance of the business as at 31st December 2016.

Accounts	Debit (RM)	Credit (RM)
Purchases	100,734	
Return inwards	3,670	
Carriage expenses	4,700	
Rental expenses	14,500	
Motor vehicle expenses	5,050	
Office expenses	2,100	
Utilities expenses	3,430	
Salary	8,000	
Investment in Amanah Saham Nasional	11,000	
Motor vehicle (cost)	90,000	
Furniture (cost)	75,500	
Cash	27,186	
Bank	36,700	
Account receivable	25,330	
Sales		202,650
Capital		101,000
Return outward		1,060
10% Loan from Bank Rakyat		51,000
Account Payable		49,640
Discount received		550
Allowance for doubtful debt		2,000
	407,900	**407,900**

Additional Information:

1. Inventory as at 31 December 2016 was valued at RM20,000.

2. Depreciation is provided as follows:

   Motor vehicle at 20% on cost, yearly basis.
   Furniture at 20% on book value, yearly basis.

3. Andy, a debtor of the business owed RM330 but he has passed away on 30 November 2016. This amount need to be written off.

4. Uncollectible accounts are estimated to total RM2,500 at the end of the period.

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5. The following were the accruals and prepayments for the period:

Accrued salary	RM700
Accrued dividend on investment	RM550
Prepaid utilities	RM200
Prepaid rental	RM1,000

6. 10% loan from Bank Rakyat was taken on 1st June 2016. The interest on loan was still accrued on 31 December 2016.

7. The owner had taken RM100 cash and RM250 worth of goods from the business for her own use.

8. Included in the carriage expenses is the amount of carriage outward amounting RM2,000.

Required:

a) Prepare Income Statement for the year ended 31st December 2016 (12.5 marks)

b) Prepare Statement of Financial Position as at 31st December 2016 (12.5 marks)

Total: 25 marks

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QUESTION 4

Part A

AliBaba Sdn Bhd's income statement and other financial information is presented below.

AliBaba Sdn Bhd
Income Statement for the year ended 31 December 2016

	RM
Sales revenue	159,131
Cost of goods sold	64,360
Gross profit	94,771
Selling, general and administrative expenses	11,385
Operating income	83,386
Interest expense	2,847
Income before taxes	80,539
Income tax expense	3,414
Net income	77,125
Statement of Financial Position information:	
Current liabilities	50,000
Long-term debt	100,000
Current assets	250,000
Non-current assets	500,000

Required:

a) Calculate the debt to assets ratio. (Round to two decimal places)
b) Calculate the times interest earned ratio. (Round to two decimal places)
c) Evaluate the company's solvency based on the two ratios calculated.

(6 marks)

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Part B

The comparative Statement of Financial Position and Income Statement of FizzJerry Trading are summarized.

	2017	2016
Statement of Financial Position	RM	RM
Property and equipment	110,000	60,000
Less: Accumulated depreciation	(30,000)	(15,000)
Cash	50,000	72,000
Accounts receivable	80,000	70,000
Inventory	60,000	65,000
Total assets	**270,000**	**252,000**
Long-term loan	50,000	60,000
Accounts payable	10,000	12,000
Wages payable	2,000	1,000
Capital	100,000	80,000
Retained earnings	108,000	99,000
Total liabilities and equity	**270,000**	**252,000**
Income Statement		
Sales	200,000	
Cost of goods sold	110,000	
Depreciation expense	15,000	
Other expenses	50,000	
Net income	**25,000**	

Additional information:

1. Bought equipment for cash RM50,000.
2. Paid RM10,000 on long-term loan.
3. Issued new shares of stock for RM20,000 cash
4. Cash dividends of RM16,000 were declared and paid.
5. Accounts payable are exclusively related to inventory purchase n credit.
6. Tax expense (RM4,000) and interest expense (RM3,000) were paid in full at the end of both years and are included in other expenses.

Required:

a) Prepare the statement of cash flows for 2017 using the indirect method.
b) Interpret the sources and uses of cash from financing activities.

(19 marks)

Total: 25 marks

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